

Message Text

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ACTION TRSE-00

INFO OCT-01 NEA-10 ISO-00 ABF-01 AGR-20 EB-11 COME-00 FS-01

RSC-01 DRC-01 /046 W

----- 087653

R 280440Z FEB 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 584

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EO 11652: N/A

TAGS: AFIN, ABUD

SUBJ: ACCOMMODATION EXCHANGE RATE

REF STATE 37737

1. EMBASSY DOES NOT SEE NECESSITY DISCONTINUE USING FEEC RATE FOR ACCOMMODATION EXCHANGE. NEGOTIATIONS RE MAINTENANCE OF VALUE OF ICA LOAN REPAYMENTS ARE IN TRAIN AND SUCCESSFUL CONCLUSION WILL PROVIDE SUFFICIENT RUPEES COVER TOTAL NORMAL EMBASSY REQUIREMENTS FOR CONSIDERABLE PERIOD IN FUTURE.

2. DEPT'S UNDERSTANDING THAT FEEC RATE IS AVAILABLE TO DIPLOMATIC PERSONNEL AT LOCAL BANKS AND EXCHANGE DEALERS IS INCORRECT. WE DO NOT HAVE THIS PRIVILEGE ACCORDED TOURISTS BECAUSE GSL CONSIDERS DIPLOMATS AS RESIDENTS. WITHDRAWAL FEEC RATE FOR ACCOMMODATION EXCHANGE ZMULD THUS RESULT IN IMMEDIATE COST OF LIVING JUMP TO AMERICAN PERSONNEL OF APPROXIMATELY 65 PERCENT.

3. RETAIL PRICES AND AVAILABILITY OF GOODS AT POST ARE UNDERGOING FREQUENT AND SOMETIMES DAILY CHANGES BECAUSE OF GSL FOREIGN EXCHANGE PROBLEMS AND/OR UNCERTAIN WORLD CONDITIONS. FOR EXAMPLE, COST OF GASOLINE RECENTLY LEAPED TO MORE THAN DOUBLE PREVIOUS PRICE, AN INCREASE OF 135 PERCENT IN COST TO POST PERSONNEL. WE ARE POSTPONING SUBMISSION DSP-23, RETAIL

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PRICE REPORT, FOR 30 TO 60 DAYS SINCE IT IS LIKELY COST OF

LIVING IN COLOMBO WILL UNDERGO FURTHER EXTREME UPWARD CHANGES
IN IMMEDIATE PERIOD AHEAD.

4. POST PROJECTIONS OF INFLOW AND OUTFLOW OF RUPEES IN PRESENT
SITUATION (THAT IS, WITH GSL REPAYING ICA LOANS AT OFFICIAL
RATE) INDICATE NO PROBLEMS UNTIL AT LEAST LAST PART OF MAY.
THEREFORE, WE BELIEVE THAT ACCOMMODATION EXCHANGE AT FEEC
RATE SHOULD BE MAINTAINED UNTIL OUTCOME OF MOV NEGOTIATION
IS SHOWN. IF IN MEANTIME IT BECAME NECESSARY FOR POST TO PUR-
CHASE RUPEES IN ORDER HAVE SUFFICIENT OPERATING FUNDS, WE
WOULD NOTIFY DEPT WELL IN ADVANCE.
VAN HOLLEN

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